

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 CIEP-02 SCEM-02 TRSE-00 OMB-01

INT-08 AID-20 COME-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 SCI-06 DRC-01 STR-08

FPC-01 AEC-11 NEA-10 /212 W
----- 103427

R 281706Z NOV 73

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1890

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EO 11652: NA

TAGS: ENRG VE

SUBJECT: PETROLEUM POLICY ASPECTS OF COPEI AND AD PLATFORMS

SUMMARY:

RECENTLY PUBLISHED PARTY PLATFORMS OF AD AND COPEI SUGGEST BASICALLY SIMILAR OBJECTIVES BUT CONSIDERABLE DIFFERENCE IN APPROACH. BOTH FAVOR EARLY REVERSION, BUT AD STRESSES NEED FOR CONTINUING ROLE FOR PRIVATE COMPANIES HERE. BOTH PARTIES ALSO FAVOR DEVELOPMENT OF ORINOCO BELT, BUT ONLY COPEI SAYS THIS SHOULD BE DONE OF, BY, AND FOR VENEZUELAN. BOTH PARTIES ALSO SUGGEST THE DESIRABILITY OF DEVELOPING PETROCHEMICAL AND METALS INDUSTRIES, BUT ONLY COPEI BALDLY PROPOSES USING PETROLEUM AS LEVERAGE TO OPEN INTERNATIONAL MARKETS TO SUCH PRODUCTS. A CONTRAST IN TONE IS ALSO APPARENT BETWEEN COOL PRAGMATISM OF AD PLATFORM AND IDEOLOGICAL NATIONALISM OF COPEI DOCUMENT. END SUMMARY

1. PRINTED COPIES OF ACCION DEMOCRATICA AND COPEI PLATFORMS HAVE NOW BECOME AVAILABLE AND ARE BEING POUCHED SEPARATELY BY EMBASSY. THIS MESSAGE DISCUSSES PETROLEUM POLICY ASPECTS OF PLATFORMS THESE TWO MAJOR VENEZUELAN POLITICAL PARTIES.

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COPEI PLATFORM

2. PETROLEUM SECTION COPEI PLATFORM, WHICH IS WRITTEN IN FORM OF STATEMENT BY PRESIDENTIAL CANDIDATE LORENZO, FEATURES PLEDGE TO MOVE UP DATE OF REVERSION. HE SAYS, (QUOTE) "...I AM GOING TO MOVE UP 1983 AND IN CONSEQUENCE THE COUNTRY SHOULD PREPARE ITSELF TO ASSUME GREAT RESPONSIBILITIES." (UNQ.) LORENZO GOES ON, HOWEVER, TO PROMISE (QUOTE "...CAREFUL STUDIES THAT WILL PERMIT US TO ACT IN THE BEST WAY AND AT MOST OPTIMUM MOMENT," (UNQ) AND HE ALSO PROMISES TO UNDERTAKE A GRAND NATIONAL CONSOLIDATION ON THE MATTER.

3. REGARDING ORINOCO PETROLEUM BELT, LORENZO SAYS, (QUOTE) ... THIS BELT WILL BE EXPLORED AND EXPOITED BY VENEZUELANS FOR BENEFIT OF VENEZUELAN PEOPLE." (UNQ) COPEI PLATFORM THEN GOES ON TO LIST TEN (10) SPECIFIC GOALS OF PETROLEUM POLICY: (1) INTENSIFICATION OF EXPLORATION; (2) INTENSIFICATION OF RESEARCH EFFORTS, ESPECIALLY EFFORTS RELATED TO DEVELOPMENT OF ORINOCO BELT; (3) TRAINING OF VENEZUELAN TECHNICIANS AND PROFESSIONALS AT ALL LEVELS TO UNDERTAKE EXPLORATION, EXPLOITATION, MARKETING AND ADMINISTRATION OF PETROLEUM AND ITS DERIVATIVES; (4) CREATING INDUSTRIES BASED ON HYDROCARBONS; (5) DEFENSE OF OIL PRICES, BOTH UNILATERALLY AND THROUGH OPEC; (6) UTILIZATION OF OIL AS LEVERAGE FOR OPENING MARKETS OF INDUSTRIALIZED COUNTRIES TO OUR MANUFACTURED PRODUCTS; (7) DEVELOPMENT OF NATIONAL PETROLEUM FLEET; (8) (QUOTE) CONSOLIDATION (UNQUOTE) OF NATIONALIZATION OF NATURAL GAS INDUSTRY; (9) DEVELOPMENT OF CVP; (10) COMPLETION OF TAKE-OVER OF INTERNAL PETROLEUM MARKET BY THE STATE.

AD PLATFORM

4. PETROLEUM SECTION OF AD PLATFORM IS LONGER AND MORE COMPLETE EXPLANATION OF PROPOSED PETROLEUM POLICY THAN THAT OF COPEI. IN ADDITION TO LIST OF SPECIFIC POLICY GOALS, AD PLATFORM CONTAINS CONSIDERABLE EXPLANATORY MATERIAL.

5. AD PLATFORM BEGINS WITH EMPHASIS ON PLANNING, PROMISING DEVELOPMENT OF A (QUOTE) "...NATIONAL ENERGY PROGRAM..." (UNQ) WHICH IS TO SET FORTH CRITERIA AND POLICIES ON PETROLEUM, GAS, AND COAL RESOURCES. NATURAL GAS, THE AD PLATFORM SAYS, WILL BE USED NOT ONLY FOR EXPORTATION IN LIQUIFIED FORM, BUT ALSO FOR DEVELOPMENT LIMITED OFFICIAL USE

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OF NATIONAL INDUSTRY, PARTICULARLY STEEL AND PETROCHEMICALS.

6. OIL POLICY, AD PLATFORM SAYS, WILL BE THE MOST IMPORTANT ECONOMIC QUESTION WITH WHICH GOVERNMENT WILL DEAL. IT THEN TRACES HISTORY OF OIL POLICY IN VENEZUELA (ATTRIBUTING MOST NATIONALISTIC ACCOMPLISHMENTS TO AD INITIATIVES,) AND OBSERVES THAT PHYSICAL AND MARKET TRENDS IN INDUSTRY HAVE LED TO DIMINUTION OF VENEZUELAN RESERVES AND PRODUCTION

PLATFORM EXPRESSES DOUBT THAT NEW EXPLORATION PROGRAMS IN CONCESSION AREAS AND SECONDARY RECOVERY TECHNIQUES ARE GOING TO BE ABLE TO OFFSET NATURAL DECLINE OF VENEZUELA'S PRODUCTIVE CAPACITY IN PETROLEUM.

7. THE AD PLATFORM THEN NOTES THAT THERE ARE A NUMBER OF FAVORABLE EXPLORATION AREAS IN SOUTH LAKE MARACAIBO, GULF OF VENEZUELA, CONINENTAL SHELF, AND ORINOCO DELTA -- (QUOTE) "...WHICH REQUIRE AN INTENSE DULY PROGRAMMED ACTIVITY AIMED AT PROVING REALITY OF OUR PETROLEUM POTENTIAL." (UNQ) REGARDING ORINOCO BELT, AD PLATFORM MENTIONS APPARENT VASTNESS OF RESERVES BUT STRESSES TECHNICAL STUDIES WHICH INDICATE THAT ONLY WITH DIFFICULTY WOULD IT BE POSSIBLE TO UNDERTAKE CONSIDERABLE COMMERCIAL EXPLOITATION IN ORINOCO BELT WITHIN TEN (10 YEARS. HOWEVER, AD PLATFORM GOES ON TO STRESS IMPORTANCE OF BEGINNING NOW THE VIGOROUS PROGRAM IN ORINOCO BELT, GIVEN DECLINING

CONVENTIONAL RESERVES AND PRODUCTION OF PETROLEUM.

8. REGARDING EXPLOITATION OF CURRENT CONCESSIONS, AD CALLS FOR CAREFUL ANALYSIS, AND, IF APPROPRIATE, RESTRUCTURING OF CURRENT PRODUCTION WHICH APPEARS TO BE CONCENTRATED TOO MUCH ON HEAVY OILS WHICH HAVE A LESSER MARKET AND LOWER PRICES. AD ALSO SAYS THAT VENEZUELA SHOULD REVISE ITS REFINING POLICY TO: (1) MAINTAIN AND EXPAND MARKETS WITH LIGHT PRODUCTS; (2) CREATE RAW MATERIALS FOR PETROCHEMICAL INDUSTRY, AND, (13) AUGMENT DESULFURIZATION.

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SS-20 USIA-15 ACDA-19 IO-14 SCI-06 DRC-01 STR-08

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9. REGARDING NATURAL GAS POLICY, AD PROMISES TO PROCEED WITH LNG PLANT PROPOSED FOR ZULIA STATE, WHICH IT CALLS (QUOTE) "UNDEFERRABLE"

(UNQ) AD ALSO WANTS TO MAINTAIN CONSERVATION POLICY, INTENSIFY EXPLORATION, AND TO MAKE USE OF GAS NOW BEING FLARED, EITHER TO MEET INTERNAL DEMAND OR AS INDUSTRIAL RAW MATERIAL.

10. CONCERNING REVERSION, AD PLATFORM SAYS THAT DECLINING INVESTMENT AND EXPLORATION WILL LEAD TO RUNNING DOWN AND OBSOLESCENCE OF PETROLEUM

INDUSTRY IF STATE WAITS UNTIL 1983 TO TAKE OVER MANAGEMENT. AS (QUOTE

"...A POSSIBLE ALTERNATIVE," (UNQ) AD SUGGESTS NATIONALIZATION DURING NEXT PRESIDENTIAL PERIOD WHICH COULD (QUOTE) "...LEAD TO NEW FORMULAS FOR PARTICIPATION OF FOREIGN COMPANIES IN THOSE ASPECTS IN WHICH WE NEED THEIR TECHNICAL RESOURCES, THEIR FINANCING, OR THEIR MARKETING ABILITY." (UNQ) (QUOTE) "THE IMPORTANT THING IS THAT WE BE ABLE TO MAINTAIN THE INDUSTRY IN SATISFACTORY CONDITION SO THAT IT RENDERS MAXIMUM SUPPORT TO ECONOMY AND TO SOCIAL PROGRESS OF VENEZUELA, WITHOUT DETRIMENT TO OUR SOVEREIGNTY OVER NATURAL RESOURCES.

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11. SOME OF OTHER PORTIONS OF AD PLATFORM ARE ALSO HIGHLY RELEVANT TO PETROLEUM POLICY, NOTABLY THOSE RELATING TO POLICY ON PRIVATE INVESTMENT AND FOREIGN INVESTMENT. CHAPTER FOUR PRIMISES (QUOTE) "...AN AGGRESSIVE POLICY OF PRIVATE INVESTMENT," (UNQ) INCLUDING (QUOTE) "...FORMATION OF MIXED ENTERPRISES OF PRIVATE AND PUBLIC CAPITAL TO EXPLOIT AND PROCESS MINERAL AND ENERGY RESOURCES." (UNQ) CHAPTER NINE SAYS THAT (QUOTE) "...VENEZUELA REQUIRES SUPPORT OF FOREIGN INVESTMENT TO ACCELERATE ECONOMIC GORWTH ABOVE LEVEL THAT WOULD BE PERMITTED BY EXCLUSIVE RELIANCE ON NATIONAL SAVINGS." (UNQ) IT SAYS THAT FOREIGN INVESTMENT COULD ALSO BE NECESSARY TO INCORPORATE ADVANCED TECHNOLGICAL PROCESSES INTO VENEZUELAN ECONOMY. MIXED ENTERPRISES ARE ALSO MENTIONED IN THIS CONTEXT, AND IT IS SUGGESTED THAT THEY WILL PREFERABLY INVOLVE A MAJORITY OF NATIONAL CAPITAL, EITHER PUBLIC OR PRIVATE.

12. COMMENTS: THE MOST NOTICEABLE DIFFERENCE BETWEEN AD AND COPEI PLATFORMS WITH REGARD TO PETROLEUM POLICY IS MUCH GREATER EMPHASIS THAT AD GIVES TO NEED FOR PRIVATE FOREIGN INVESTMENT. AD PLATFORM ALSO DEMONSTRATES MUCH GREATER AWARENESS THAT VENEZUELA WILL HAVE TO TAKE ACCOUNT OF TECHNOLOGICAL FACTORS, CAPITAL NEEDS, WORLD MARKET CONDITIONS, INDEED ALL TYPES OF ECONOMIC REALITIES IN FORMULATING ITS

POLICIES, THAN COPEI PLATFORM THAT GIVES FLAVOR OF VENEZUELA OPERATING

IN A VACUUM, ABLE TO DO WHATEVER IT MIGHT WISH. THE CONTRAST
BETWEEN THE PRAGMATIC AND THE IDEOLOGICAL THAT HAS LONG CHARACTERIZED
AD AND COPEI IS PLAINLY EVIDENT IN THEIR RESPECTIVE PLATFORMS.

13. WHILE THE CONTENT AND STYLE OF THE TWO MAJOR PARTIES'
PLATFORM STATEMENTS ON PETROLEUM DIFFER, IT SHOULD BE KEPT IN MIND
THAT, DURING THE NEXT ADMINISTRATION, WHICHEVER PARTY WINS THE
PRESIDENCY IS UNLIKELY TO HAVE A MAJORITY IN THE CONGRESS AND WITH
OTHER PARTIES WOULD HAVE TO TAKE INTO CONSIDERATION PRESSURES FROM
THE OTHER PARTIES TO CARRY OUT A NATIONALISTIC PETROLEUM POLICY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, PETROLEUM PRODUCTION, FOREIGN POLICY POSITION, POLITICAL PARTIES, CHEMICALS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CARACA10121
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973119/aaaaagbs.tel
Line Count: 236
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 01 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01-Feb-2002 by martinjw>; APPROVED <14 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROLEUM POLICY ASPECTS OF COPEI AND AD PLATFORMS SUMMARY
TAGS: ENRG, VE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005